Waste, Fraud, and Abuse Elimination Task Force

➢ *REFORMING GOVERNMENT*
➢ *ELIMINATING WASTE*
➢ *SAVING TAXPAYER DOLLARS*

**PUBLIC COMMENTS
AND SUGGESTIONS**
QUARTERLY REPORT

JULY-SEPTEMBER 2012

November 2012

WISCONSIN REFORM MATERIALS ARE AVAILABLE ON THE INTERNET

To save taxpayer dollars and promote transparency in government, all quarterly reports of the Governor's Waste, Fraud, and Abuse Elimination Task Force have been published on the Internet for the public's view.

More of Governor Walker's reforms and the comprehensive Waste, Fraud, and Abuse Commission report can be viewed via the Governor's reform website at: http://www.walker.wi.gov/Wisconsin-Reform.

To submit an idea directly to the Governor's Waste, Fraud, and Abuse Elimination Task Force, go to: http://www.bestpractices.wi.gov.

TABLE OF CONTENTS

A. Letter from the Governor

Dear Fellow Wisconsinites:

State government should be transparent, efficient, and engage in a continuous improvement process with the goal of delivering quality services to its citizens at the most affordable price possible. Unfortunately, this has not always been the case in Wisconsin.

From 2003-2010, Wisconsin's biennial budget increased 33 percent to over $62 billion, and the Pew Center for the States identified Wisconsin as a state in fiscal peril. This is why, upon taking office in January 2011, I created a bipartisan Commission on Waste, Fraud, and Abuse. The goal was to create efficiencies by eliminating waste, fraud, and abuse in Wisconsin government.

In January of 2012, the Commission published its final report detailing their results and recommendations. The report included a total savings potential for state and local governments of more than $455 million annually.

That is a great start, but identifying waste is not enough; we need to eliminate it. To that end, during my State of the State address in January 2012, I announced the creation of the Governor's Waste, Fraud, and Abuse Elimination Task Force. This Task Force is charged with reviewing the Commission's recommendations and investigating submissions from the public and state employees to continue our focus on saving taxpayer dollars and making Wisconsin government more efficient.

In April of 2012, the Task Force published its first quarterly report detailing the activities of the Task Force for the first quarter of 2012, in which it received 123 submissions from the public and state employees. This report is the third such report and includes 125 submissions. Through the case studies and reporting in this report you can see how the Task Force is responsive to the public and working with state agencies to be diligent and frugal with taxpayer dollars.

Right-sizing state government includes state government being a good steward of taxpayer dollars. The Commission and Task Force are steps to do this. By instilling a continuous improvement philosophy in state government, we can improve the quality of government and reduce its price to taxpayers.

Working together, we can be successful and continue to move Wisconsin forward.

Sincerely,

Scott Walker
Governor

B. Executive Summary

This report highlights the activities of the Governor's Waste, Fraud and Abuse Elimination Task Force (Task Force) in the third quarter of 2012 from July to September as it relates to submissions from the public and state employees. The Task Force was created on January 25, 2012, and was announced during Governor Walker's 2012 State of the State address.

The Task Force reviews and investigates submissions from the public via bestpractices.wi.gov. These submissions are reviewed and investigated, along with input from state agencies, by the Task Force members.

This is a summary of the submissions to the Task Force in the third quarter of 2012. As well, there are recommendations included that have been made by the Task Force to state agencies.

Highlights from this quarterly report:

- In the third quarter of 2012 the Task Force received 125 submissions from the public and state employees. Of those, 88.8% have been resolved. The most common single subject of the suggestions relate to public assistance programs.

- The 125 submissions are much higher than the 22 received in the second quarter of 2012.

- By obtaining better data and cross match capability, state agencies can better identify fraud within state programs. The Department of Health Services, Office of Inspector General is exploring the use of this technology to better locate and prevent fraud within public assistance programs.

- A Task Force member suggested state agencies review how they are using toll-free services to see if efficiencies could be realized. This report outlines how a state agency did this and is saving money while maintaining service. Also, options to save taxpayers hundreds of thousands annually in other agencies while maintaining and even expanding public service are included.

- The Department of Health Services, Office of Inspector General is reporting an average of $1.2 million in fraudulent public assistance benefits being saved or recouped over the last 8 months. That is a return of over $22 per dollar spent on the recipient fraud unit.

> ✓ *There were 125 public submissions to the Task Force in the third quarter of 2012.*
>
> ✓ *Data analytics are being used and explored by state agencies to identify fraud within state programs.*
>
> ✓ *The Department of Corrections is using data matching to keep inmates from receiving public benefits and netting hundreds of thousands of revenue to the state in the process.*
>
> ✓ *State agencies are saving hundreds of thousands of dollars by smartly providing toll-free services to the public.*

C. Input from the Public

From July through September 2012, the Task Force received a total of 125 submissions from the public and state employees.

As shown in Table 1, the most common topic of the public submissions related to public assistance programs (22.4% of total). The next most common topics were government efficiency, public employee benefits, and state educational systems.

Table 1

Topics	Percentage
Various Other	29.6%
Public Assistance	22.4%
Government Efficiency	15.2%
Public Employee Benefits	12.0%
Education System	6.4%
Vehicle License Plates	5.6%
State Purchasing and Contracting	3.2%
Prevailing Wage	2.4%
State Elections	2.4%
Budget Practices	0.8%
Total	**100.0%**

Suggestions included in the column 'Various Other' include issues such as complaints unique to a specific location, random agency complaints not easily categorized, and other topics that are too unique to categorize. However, these suggestions along with all others are reviewed by the Task Force.

Of the total submissions received by the Task Force, the vast majority has been resolved (88.8% of total). A complete breakdown on the status of public submissions is shown in Table 2.
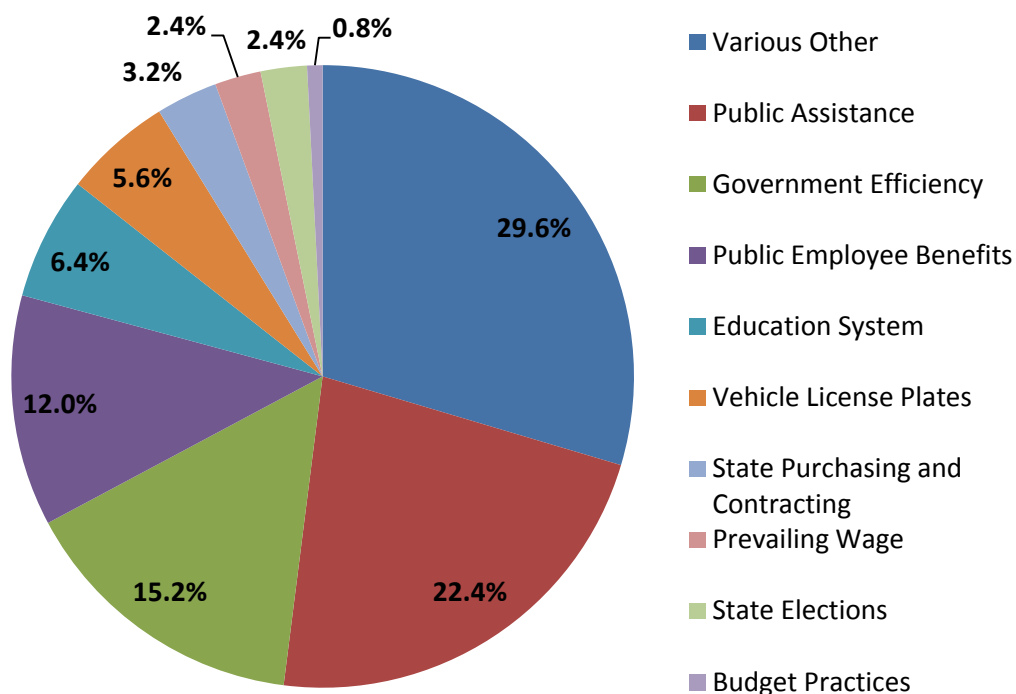
D. Public Comments and Suggestions

The Governor and Task Force are grateful for the ideas and the interest shown from the public and state employees to continue the focus to save taxpayer dollars and make government more efficient.

The Task Force reviews and investigates submissions from the public to the Task Force via bestpractices.wi.gov. These submissions are first reviewed and investigated, along with input from state agencies, by the Task Force members in the Governor's office and, after the review process is complete, decisions to advance these recommendations are brought before the full membership of the Task Force.

Figure 1

Public Comments and Suggestions by Topic

| Color	Topic	Percentage
	Various Other	29.6%
	Public Assistance	22.4%
	Government Efficiency	15.2%
	Public Employee Benefits	12.0%
	Education System	6.4%
	Vehicle License Plates	5.6%
	State Purchasing and Contracting	3.2%
	Prevailing Wage	2.4%
	State Elections	2.4%
	Budget Practices	0.8%

As shown below in Table 2 and Figure 2, 88.8% of public comments and suggestions submitted to the Task Force in the third quarter of 2012 have since been resolved either by Task Force members in the Governor's Office or by the Task Force's state agency sub-groups. Of the remaining submissions, 11.2% are under review. Lastly, 26.4% of submissions required no further action. These submissions, however, still received a response from the Task Force thanking the individual for their submission.

Table 2

Status of Public Comments and Suggestions

Status	Percentage
Resolved	62.4%
No Action Necessary	22.4%
Under Review	11.2%
No Response Necessary	4.0%
Total	**100.0%**

Figure 2
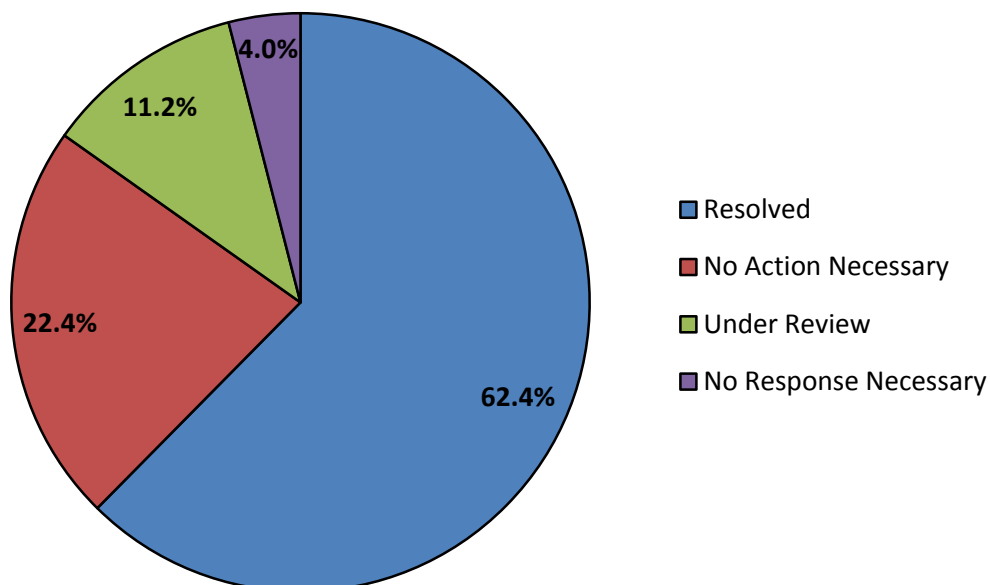
E. Selected Cases Submitted to the Task Force

Public comments and suggestions submitted to the Task Force involve a variety of issues. Some submissions involve topics with a narrow focus, while other comments and suggestions require a broader review, such as evaluating the efficiency and success of a state program. The following cases submitted to the Task Force were selected to highlight some of the submissions from July to September 2012 that are being acted upon by the Task Force.

Data Analytics

Background

A reoccurring theme from suggestions received both to the Commission and the Task Force relate to public assistance fraud. Governor Walker has made great strides to deal with this issue. For example, he created the state Office of Inspector General (OIG) within the Department of Health Services (DHS). The OIG is showing results that have been highlighted by the Task Force in previous reports. The OIG is making it harder for individuals and providers to commit public assistance fraud.

Analytics at the OIG

The task of the OIG is made easier by better data and analysis. This can help identify who is committing fraud and target limited program integrity resources. The goal is to maximize the return on investment in program integrity operations. This was discussed in the Commission's final report and also has been a topic of discussion by the Task Force.

One way to do this is to use data analytics technology. Data analytics services are right now assessable through a Minnesota contract. Wisconsin and Minnesota have a cooperative purchasing agreement so in some instances Wisconsin can use Minnesota contracts and vice versa. The Task Force suggested select state agencies review this contract to determine if there are benefits to using the Minnesota contract that is currently available.

The OIG determined they would try one of these services geared toward identifying fraud within medical assistance programs. This type of strategy was one of the Medicaid savings reforms approved by the Governor and Legislature in 2011, estimated to save $3 million over the 2011-13 budget period.

Analytics at Revenue

In its agency budget request, the Department of Revenue (DOR) is recommending a similar approach. They would like expanded access to data from other agencies to crack down on fraud. Simply put, allowing the right hand of state government to know what the left hand is doing. DOR suggests data from five other state agencies could assist them in identifying tax filers committing fraud against the state, non-filers and under-reporters of income. These include the Department of Children and Families, Employee Trust Funds (ETF), DHS, Department of Transportation, and Department of Workforce Development. In some cases agencies are cooperating through data sharing today. However, in others statutory changes are needed to clearly allow this cooperation to occur.

By getting data that is currently unavailable, DOR believes it could better identify fraudulent W2 statements, stolen social security numbers on tax forms, and false tax credit claims. DOR identified over

$9 million in fraudulent homestead and earned income credits in FY12. Based on federal fraud estimates, DOR projects $40 to $65 million in fraudulent income tax returns and credit claims received. Better data will help better detect, prevent, and collect on these fraudulent claims.

Analytics at Corrections

The Department of Corrections (DOC) is using data analytics as well to track down waste, fraud, and abuse. For many federal and state programs such as Social Security and SSDI, incarcerated individuals lose their eligibility for benefits. Historically, the process for reporting individuals who have lost eligibility due to incarceration was dependent on manual reporting to the agency providing the benefits. As well, such reporting was complicated by the lack of information on whether the incarcerated individual was previously receiving benefits and the speed and accuracy of paper and pen reporting.

The Social Security Administration provides an incentive payment to agencies for their assistance in identifying and reporting ineligible recipients. This extends to counties for inmates in their county jails also.

One year ago the Department of Corrections and the Social Security Administration spoke about a new automated reporting process started by the Department's Bureau of Technology Management (BTM). In April, 2011 BTM began sending the monthly reports of new prisoners to Social Security through an improved automated process. These efforts have paid off.

For Federal Fiscal Year (FFY) 2012 (October, 2011 thru September, 2012) reporting of confinements through the automated system resulted in 311 prisoners and 62 juveniles being suspended. This resulted in a $139,200 incentive payment from Social Security to DOC. This is up from a $68,600 payment in 2010 and a $100,200 payment in 2011.

Adult prisoner suspensions in FFY12 increased 30% compared to FFY11 due primarily to the BTM automated report.
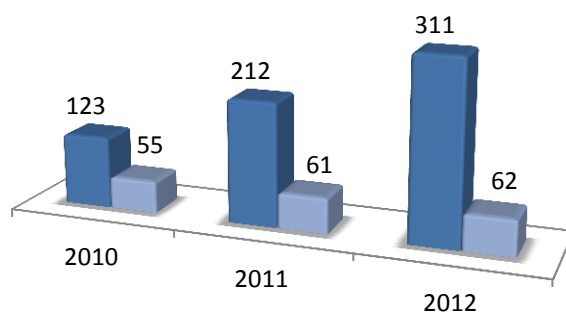
Prisoners Suspended   Juveniles Suspended

The BTM automated reporting can be credited with doubling the adult suspensions. The prior adult reports came only from two Wisconsin institutions. With the automated reporting system, other adult institutions which had not previously been involved, reported 154 ineligible individuals in FFY12. The automation of juvenile reporting is being planned as well.

DOC has also been assisting the Social Security Administration to improve county jail inmate reporting. DOC is supporting county efforts to start automated reporting just as BTM has automated DOC's monthly reports. At the close of FFY 12, only 12 of WI's 72 county jails were not reporting or only reporting sporadically.

Monthly reports sent from DOC, county jails, and mental health hospitals are also now being electronically shared with other state agencies - most recently the Department of Health Services and the Department of Children and Families. They are using the data to eliminate manual screening processes and to increase their benefit programs' accuracy by monitoring confinements. There are plans to use this data for unemployment, energy assistance, and child care programs also.

Action Item(s)

➢ Continue to review and monitor opportunities to use data analytics to identify and crack down on fraud, increase efficiency, and eliminate waste in government.
➢ DOC should continue to work with Social Security and county governments to implement and use continuous automated reporting of inmates. This would increase the likelihood ineligible inmates don't get benefits and state incentive payments are maximized.

F. Waste, Fraud, and Abuse Task Force Updates

Toll-Free Phone Line Savings

One topic of discussion by the Task Force was reducing the cost of phone lines in state agencies. This came forward as an idea by a Task Force member and further research indicates there is unnecessary cost that may be taking place and a potential for savings.

Wisconsin state agencies have 1,374 toll-free lines. These lines cost the state well over $1 million annually. Toll-free service may or may not be the best option for a consumer to get information and assistance from state government.

With changing times and technology the demand for toll-free numbers is decreasing. The number of state residents with landlines is dropping and the number with free long distance cell phones is increasing.

The way it currently works in some state agencies is someone calls an 800 number and often times waits. All the time he or she is on hold, the state picks up the cost. A better way to do this is have residents call and if there is a wait, the caller submits his or her contact information and the state calls back. The wait time and the cost are eliminated - the caller gets the same service - the state saves money – it is a win-win.

The Department of Transportation, Division of Motor Vehicles (DMV) began a process to reduce the cost of 800 numbers in 2008. The process was phased in with generous public notice and outreach. From 2008 to 2011 the cost of 800 numbers in the DMV dropped 41% saving the state as much as $150,000 per year. This took place even though the volume of calls coming into the DMV was level when comparing 2008 to 2011.

DMV Toll-Free Change Impact
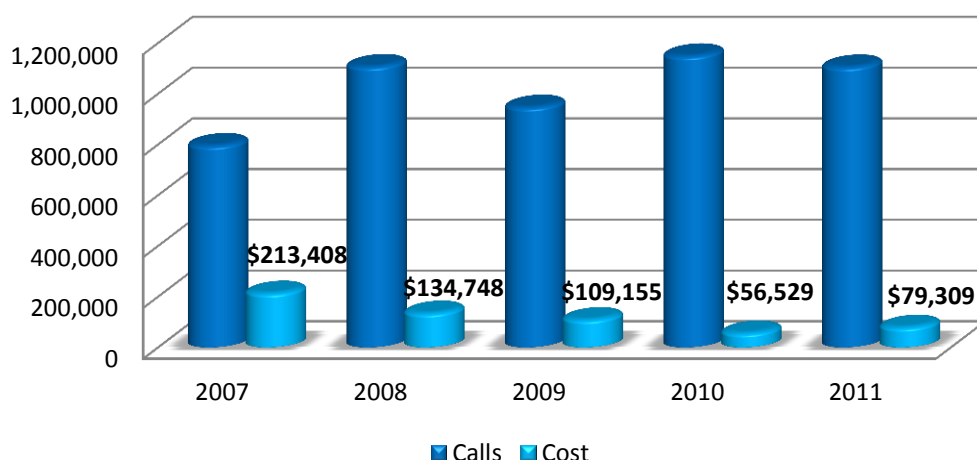
The DMV also increased online options during this transition time to not only save money, but improve service options also. As well, the number of complaints did not increase during the change.

Other state agencies are reviewing a similar approach to the one used in the DMV. If fully implemented these projects could save the state hundreds of thousands more annually.

Action Item(s)

➢ State agencies should review their toll-free number utilization in a similar way to what the DMV did to see if savings could be realized and service could be maintained and improved. Some agencies may have statutory requirements to maintain a toll-free number. This should be reviewed as well to see if changes should be recommended to the Legislature.

Department of Health Services Office of Inspector General Update

Governor Walker announced the creation of the Office of the Inspector General (OIG) in the fall of 2011. The goal was to consolidate and improve DHS's public assistance program integrity and fraud prevention efforts. The OIG is assisting in implementing final recommendations made by the Governor's Commission on Waste, Fraud and Abuse as well.

Previously, program integrity and anti-fraud efforts were housed within individual programs located throughout the Department. The OIG brought each of these efforts into one office reporting directly to the Secretary. The individual programs serve more than one million people and have a biennial budget of more than $14 billion.

Results from the Recipient Fraud Unit

DHS OIG Measures	March 2012	April 2012	May 2012	June 2012	July 2012	Aug 2012	Sep 2012	Oct 2012
Recipient Fraud Unit								
Benefits Saved (Cost Avoidance)	$627,954	$589,236	$889,332	$565,968	$832,044	$683,280	$658,476	$890,048
Payments Recouped	$327,181	$420,921	$551,999	$428,233	$648,779	$486,767	$463,260	$503,653
Investigations Completed	292	298	559	333	504	638	373	469
Persons Suspended from FoodShare Program	15	8	15	11	10	12	21	27
Program Costs (Estimated)	$54,167	$54,167	$54,167	$54,167	$54,167	$54,167	$54,167	$54,167
Benefit/Cost Ratio (program savings per dollar spent on fraud detection)	$17.63	$18.64	$26.88	$18.35	$27.52	$21.82	$21.09	$26.22

G. Task Force Membership

Becky Kikkert
Wisconsin Department of Workforce Development

Brian Hayes
Budget Director and Administrator, Division of Executive Budget and Finance
Wisconsin Department of Administration

Waylon Hurlburt
Policy Advisor
Office of Governor Scott Walker

Jack Jablonski
Deputy Secretary
Wisconsin Department of Revenue

Steve Krieser
Executive Assistant
Wisconsin Department of Transportation

Helen McCain
Administrator, Division of Enterprise Operations
Wisconsin Department of Administration

Kevin Moore
Executive Assistant
Wisconsin Department of Health Services

Dennis Schuh
Executive Assistant
Wisconsin Department of Corrections

Summer Shannon-Bradley
Administrator, Division of Facilities Development
Wisconsin Department of Administration